

Disadvantaged Business Enterprise
Proposed Overall Goal for FY 2017-2019 Goal Setting Methodology

Organizational Relationship: Delaware Department of Transportation/The Delaware Transit Corporation: DeIDOT is the State of Delaware's designated recipient of FTA funds and the recipient of State transit funding. It provides these funds to the Delaware Transit Corporation (DTC), a public benefit corporation created by the State of Delaware as a subsidiary corporation of the Delaware Transportation Authority, to operate and manage transit service in each of the State's three counties: New Castle, Kent, and Sussex. The DeIDOT Secretary administers the DTC, which is responsible for the day-to-day management of FTA grants. The DTC Chief Executive Officer reports directly to the Secretary. DTC's transit service is known by its brand name, DART First State (commonly referred to as DART).

The Delaware Transit Corporation (DTC) hereby submits its Disadvantaged Business Enterprise (DBE) overall goal and goal setting methodology for federal fiscal years 2017-2019 to the Federal Transit Administration (FTA) for review and approval pursuant to 49 CFR Part 26. The goal and methodology establishes DTC's overall DBE goal for FTA assisted contracts that DTC anticipates awarding in Federal Fiscal Years (FFY) 2017, 2018, and 2019. The overall DBE goal for DOT-assisted contracting for FY 2017 – 2019 is 8.5%. Mathematical formulas based on past participation indicate a 0% race-neutral goal. However, based on steps that have been taken in the past few months and will be taken in the near future, DTC is projecting that it's revised DBE goal is 4.5% by race-neutral means and 4.0% by race-conscious means.

To establish its overall goal, DTC followed federal regulations, including the two-step goal-setting methodology set forth in 49 CFR Part 26.45. DTC determined 'a step one' base figure for its overall DBE goal using information from the DeIDOT DBE database as well as from the U.S. Census Bureau data.

Step 1. Determining a Base Figure – 49 CFR 26.45(c)

DTC estimates that it will receive approximately \$31million in FTA financial assistance during FFYs 2017, 2018, and 2019. This does not include FTA financial assistance for the purchase of vehicles.

Per 49 CFR §26.45(b), the "triennial goal must be based on demonstrable evidence of the availability of ready, willing and able DBE's relative to participate on your DOT-assisted contracts..." DTC began the DBE goal-setting process by determining a base figure for the relative availability of DBEs. DTC determined that its geographical area is the State of Delaware based on past contract participation. DTC contracts are relatively small and travel expenses restrict the ability for out-of-state firms to bid competitively against in-state firms. DTC then looked at the individual projects that it anticipates in FFY 2017-2019 and assigned North American Industry Classification System (NAICS)

codes, identifying all firms available through the U.S. Census Bureau database. DeIDOT is the certifying agent for the State of Delaware and maintains the UCP database. Certified DBEs were extracted from that database. The DeIDOT DBE database contains 480 certified firms with only an approximate 14% participation rate. It is believed that is impacted by other programs within the State of Delaware. The State of Delaware’s Office of Supplier Diversity maintains several programs that include:

- Minority Business Enterprise (MBE)
- Women Business Enterprise (WBE)
- Veteran Owned Business Enterprise (VOBE)
- Service Disabled Veteran Owned Business Enterprise (SDVOBE)
- Individual with Disability Owned Business Enterprise (IWDBE)

The State of Delaware also maintains a Small Business Focus program that includes:

- Architectural & Engineering Industry Firms
- Construction Industry Firms
- Manufacturing Industry Firms
- Retail Industry Firms
- Service Industry Firms
- Wholesale Industry Firms

Businesses participating in these programs have access to all contracts within the State of Delaware agencies, including school districts. This makes it difficult to compete to get business to DBE certify for the limited volume of contracts that DTC/DeIDOT may have with the exception of highway projects with DeIDOT.

Projects were broken down into small segments to allow for as much DBE opportunities as possible. This breakdown is found in Figure 1.

Figure 1

NAICS Code	NAICS Description	Total Establishments in NAICS (1)	In DBE Directory (2)
Christiana Mall Park & Ride - PE and ROW \$1,400,000			
541330	Engineering Services	200	45
TOTALS		200	45
Claymont Station - PE and Design \$2,480,000			
541330	Engineering Services	200	45
TOTALS		200	45
Wilmington Admin Center Rehab/State of Good Repair - Site Work and Construction \$600,000			
[Opportunity for smaller subcontractors as identified below]			
238910	Site Preparation Contractors	112	3

561730	Landscaping Services	358	5
812930	Parking Lots & Garages (Paving)	14	1
238210	Electrical contractors & other wiring installation contractors	248	17
238190	Other foundation, structure & building exterior contractors	8	1
238130	Framing Contractors	37	3
238220	Plumbing, Heating & Air Conditioning Contractors	311	3
238310	Drywall and insulation contractors	59	2
238320	Painting and Wall Covering Contractors	85	4
TOTALS		1232	39

Wilmington Operations Center Bus Wash - PE and Construction \$520,000

541330	Engineering Services [Opportunity for smaller subcontractors as identified below]	200	45
238910	Site Preparation Contractors	112	3
561730	Landscaping Services	358	5
812930	Parking Lots & Garages (Paving)	14	1
238210	Electrical contractors & other wiring installation contractors	248	17
238190	Other foundation, structure & building exterior contractors	8	1
238130	Framing Contractors	37	3
238220	Plumbing, Heating & Air Conditioning Contractors	311	3
238310	Drywall and insulation contractors	59	2
238320	Painting and Wall Covering Contractors	85	4
TOTALS		1432	84

NAICS Code	NAICS Description	Total Establishments in NAICS (1)	In DBE Directory (2)
Newark Regional Transp Center, Parking Lot & Access Road - ROW and Construction \$18,200,000			
	[Opportunity for smaller subcontractors as identified below]		
238910	Site Preparation Contractors	112	3
561730	Landscaping Services	358	5
812930	Parking Lots & Garages (Paving)	14	1
238210	Electrical contractors & other wiring installation contractors	248	17
238190	Other foundation, structure & building exterior contractors	8	1
238130	Framing Contractors	37	3
238220	Plumbing, Heating & Air Conditioning Contractors	311	3
238310	Drywall and insulation contractors	59	2
238320	Painting and Wall Covering Contractors	85	4
TOTALS		1232	39
Dover Facility Bus Parking Reconfiguration – Construction \$140,800			
	[Opportunity for smaller subcontractors as identified below]		
238910	Site Preparation Contractors	112	3
237310	Parking Lots & Garages (Paving)	14	1
238190	Other foundation, structure & building exterior contractors	8	1
TOTALS		134	
Lewes Park and Ride - PE and Site Work \$3,500,000			
541330	Engineering Services	200	45
	[Opportunity for smaller subcontractors as identified below]		
238910	Site Preparation Contractors	112	3
561730	Landscaping Services	358	5
237310	Parking Lots & Garages (Paving)	14	1
238210	Electrical contractors & other wiring installation contractors	248	17
238190	Other foundation, structure & building exterior contractors	8	1
238130	Framing Contractors	37	3
TOTALS		977	75
Inter City Operating-5311 fixed route bus service in Sussex County \$ 567,441			
485210	Transportation Services	0	0
TOTALS		0	0
Rural Technical Assistance Program - training, dues, minor tech & equip purchase \$234,600			
	None	0	0
TOTALS		0	0

NAICS Code	NAICS Description	Total Establishments in NAICS (1)	In DBE Directory (2)
Statewide Planning & Research Program/FTA \$298,200			
541330	Engineering Services	200	45
TOTALS		200	45
Rideshare Program/Trip Mitigation \$1,080,000			
485210	Transportation Services	0	0
TOTALS		0	0
CAD/AVL – Purchase \$400,000			
	None	0	0
TOTALS		0	0
Job Access Reverse Commute (JARC) Program \$1,022,778			
485210	Transportation Services	0	0
TOTALS		0	0
New Freedom Program Statewide 50/50 \$773,208			
485210	Transportation Services	0	0
TOTALS		0	0

(1) Information obtained from United Census Bureau 2014 data (American Fact Finder)

(2) Information obtained from DeIDOT DBE Database

Figure 2 shown below depicts the overall summary of NAICS codes with all available firms and all ready, willing, and able DBE's. Care was taken to not include a DBE more than one time.

NAICS CODE	NAICS DESCRIPTION	TOTAL ESTABLISHMENTS IN NAICS	IN DBE DIRECTORY
541330	Engineering Services	200	45
238910	Site Preparation Contractors	112	3
561730	Landscaping Services	358	5
812930	Parking Lots & Garages (Paving)	14	1
238210	Electrical Contractors & other wiring installation contractors	248	17
238190	Other foundation, structure & building exterior contractors	8	1
238130	Framing Contractors	37	3
238220	Plumbing, Heating & Air Conditioning Contractors	311	3
238310	Drywall and insulation contractors	59	2
238320	Painting and Wall Covering Contractors	85	4
485210	Transportation Services	0	0
		1432	84

To determine the availability of ready, willing and able DBE's to bid for the type of work that is anticipated, the number of DBE's is divided by the total number of firms.

$$\frac{84}{1432} = .05686 \text{ or } 6\%$$

DTC looked to determine whether weighting of available contracts would have a significant impact on the base figure goal percentage as determined above. As can be seen by the spreadsheet below in Figure 3, by using weighting methodology, the percentage is higher, coming in at 8.5%. Therefore, DTC has chosen to use **8.5%** as the base figure.

Figure 3

Step 1 A - Determine the weight of each type of work by NAICS Code:

All reasonably anticipated FTA-assisted contracting opportunities are identified as:

	NAICS Code	Description of Work	Amount of DOT funds on project:	% of total DOT funds (weight)
1)	541330	Engineering	\$4,431,200.00	0.1416
2)	238910	Site Preparation	\$4,436,040.00	0.1418
3)	561730	Landscaping	\$275,000.00	0.0088
4)	812930	Parking Lots (Paving)	\$4,555,680.00	0.1456
5)	238210	Electrical	\$1,001,000.00	0.0320
6)	238190	Other foundation,structure. Bldg ext	\$7,725,080.00	0.2469
7)	238130	Framing	\$1,051,800.00	0.0336
8)	238220	Plumbing,Heating, AC	\$1,988,000.00	0.0635
9)	238310	Drywall / Insulation	\$976,000.00	0.0312
10)	238320	Painting/Wall Covering	\$776,000.00	0.0248
11)	485210	Transportation Srvs	\$3,443,427.00	0.1100
12)	N/A	Rural Tech Asst Pgm	\$234,600.00	0.0075
13)	N/A	CAD/AVL Purchase	\$400,000.00	0.0128
	Total FTA-Assisted Contract Funds		\$31,293,827.00	1.0000

Step 1 B - Determine the relative availability of DBE's by NAICS

Code:

The numbers of DBEs and of all firms available to perform work on the identified contracting opportunities are:

	NAICS Code	Description of Work	Number of DBEs available to perform this work	Number of all firms available (including DBEs)	Relative Availability
1)	541330	Engineering	45	200	0.2250
2)	238910	Site Preparation	3	112	0.0268
3)	561730	Landscaping	5	358	0.0140
4)	812930	Parking Lots (Paving)	1	14	0.0714
5)	238210	Electrical	17	248	0.0685
6)	238190	Other foundation,structure. Bldg ext	1	8	0.1250
7)	238130	Framing	3	37	0.0811
8)	238220	Plumbing,Heating, AC	3	311	0.0096
9)	238310	Drywall / Insulation	2	59	0.0339
10)	238320	Painting/Wall Covering	4	85	0.0471
11)	485210	Transportation Srvs	0	0	
12)	N/A	Rural Tech Asst Pgm	0	0	
13)	N/A	CAD/AVL Purchase	0	0	
Combined Totals			84	1432	0.0587

*Overall
avail-
ability of
DBEs*

Step 1 C - (Weight) x (Availability) = Weighted Base Figure

	NAICS Code	Description of Work	Weight	x	Avail-ability of DBEs	Weighted Base Figure
1)	541330	Engineering	0.14160	x	0.22500	0.0319
2)	238910	Site Preparation	0.14175	x	0.02679	0.0038
3)	561730	Landscaping	0.00879	x	0.01397	0.0001
4)	812930	Parking Lots (Paving)	0.14558	x	0.07143	0.0104
5)	238210	Electrical	0.03199	x	0.06855	0.0022
6)	238190	Other foundation,structure. Bldg ext	0.24686	x	0.12500	0.0309
7)	238130	Framing	0.03361	x	0.08108	0.0027
8)	238220	Plumbing,Heating, AC	0.06353	x	0.00965	0.0006
9)	238310	Drywall / Insulation	0.03119	x	0.03390	0.0011
10)	238320	Painting/Wall Covering	0.02480	x	0.04706	0.0012
11)	485210	Transportation Srvs	0.11004	x	0.00000	0.0000
12)	N/A	Rural Tech Asst Pgm	0.00750	x	0.00000	0.0000
13)	N/A	CAD/AVL Purchase	0.01278	x	0.00000	0.0000
					Total	0.0848
					Expressed as a % (*100)	8.48%
					Rounded, Weighted Base Figure:	8.5%

Step 2. Determining if an Adjustment is Needed – 49 CFR Part 26.45(d)

After establishing the base figure at 8.5%, DTC considered available information to determine whether any adjustment was needed to the base figure to determine its overall DBE goal and to make it as precise as possible.

As noted in 49 CFR Part 26.45(f)(d), an explanation stating why available evidence for adjusting the base figure was not used should be included in this document. Information contained in a 2001 Disparity Study commissioned by the State of Delaware to review the Department of Transportation's and the Department of Administrative Services' utilization of minority and women-owned small businesses for contracts funded solely by State funds was not deemed relevant due to the age of the data.

Also, as noted above, the State of Delaware has an aggressive program for businesses to participate in. DTC/DeIDOT has been unable to compete to attract DBE's into our program.

The United States Department of Transportation's (USDOT's) "Tips for Goal-Setting" suggests that agencies should examine data on past DBE participation in their USDOT-funded contracts in recent years. USDOT further suggests that agencies should choose the median level of annual DBE participation for those years as the measure of past participation. DTC's past DBE participation is reflected in Figure 3.

Figure 3

DBE Participation Table for Federal Fiscal Years 2013-2015					
Federal Fiscal Year	Total Federal Participation	Awards to DBE firms in dollars (RC)	Awards to DBE firms in dollars (RN)	Total DBE Awards	DBE Participation
2014	\$2,542,157	\$0	\$120	\$120	0
2015	\$896,075	\$0	\$0	\$0	0
2016*	\$384,828	\$0	\$0	\$0	0
TOTAL	\$3,823,060	\$0	\$120	\$120	0
				3 Year Median	.0

***FFYTD as of June 30, 2016**

DTC did not meet its previous triennial goal of 7%. This was due to projects being pushed out to future years due to state budget constraints. As can be seen by the above chart there was minimal DBE participation. DTC has restructured the DBE office and are in the process of establishing new internal monitoring processes to aggressively review contracts and DBE participation.

If DTC were to average the Step One weighted goal of 8.5% with the historical median of 0% the result would be $(8.5 + 0)/2 = 4.25\%$. DTC does not believe that historical data

represents the potential overall DBE participation over the next three years; therefore, DTC has decided to not make any further adjustments and utilize Step One weighted base figure of 8.5%.

Race-Neutral Program Measures – 49 CFR Part 26.51(c)

Per 49 CFR § 26.51(a) “You must meet the maximum feasible portion of your triennium goal by using race-neutral means of facilitating DBE participation”.

As stated in the Delaware Department of Transportation Disadvantaged Business Enterprise Program Plan, the definition of race neutral is a measure or program that is, or can be used, to assist all small businesses that qualify based on SBA guidelines. Within the DelDOT DBE Program Plan race-neutral includes gender neutral. Race-conscious is a measure or program that is focused specifically on assisting only DBEs.

DTC examined FTA assisted contracts that did not have a DBE contract goal in federal fiscal years 2014-2016, searching for participation of DBE firms as prime contractors or subcontractors. The combined race/gender-neutral prime contract and subcontract awards are combined to arrive at the race/gender-neutral financial participation level.

The numerator is the combined aggregate award amounts to DBE prime contractors and subcontractors on FTA assisted contracts occurring in a race/gender-neutral environment in federal fiscal years 2014-2016. The denominator is the aggregate of all awards on FTA assisted contracts in the same time period. Due to the lack of overall DBE participation during the look-back period and using the formula for Race Neutral and Race Conscious Means, the overall RC/RN split results in a zero percentage for a race neutral goal.

DBE R/G Neutral Awards for 2014-2016
All Awards 2014-2016

$$\frac{\$120}{\$3,823,060} = .00003139$$

or, 0% Race/Gender-Neutral

However, the regulations state that you must meet the maximum feasible portion of your overall goal by using race-neutral means by achieving DBE participation. Due to the fact that DTC had not met its goals in previous years, there were goals assigned to some contracts that had subcontracting opportunities in an effort to spur DBE participation. Due to that strategy, DTC has been able to achieve race-conscious DBE participation as of the date of this revision.

Mathematical formulas based on past participation indicate a 0% race-neutral goal as identified above. However, based on steps that have been taken and will be taken in the near future, DTC is projecting that it's revised DBE goal will be achieved with 4.5% race-neutral means and 4.0% race-conscious means; overall goal being 8.5%.

Moving forward, DTC strategy will include efforts that should produce race-neutral participation. Where appropriate, all information will be provided in Spanish.

Steps already taken include as of the date of this revision 5/16/17:

- Development of a DBE flyer in English and Spanish - distribute during outreach efforts
- Expansion of outreach efforts – recent events include:
 - Kent County Economic Summit (9/20/16)
 - New Castle County Chamber of Commerce Networking Station (9/21/16)
 - Latino Summit (11/3/16)
 - First Annual Greater Kent County Resource Summit (11/10/16)
 - 26th Annual Entrepreneurial & Women's Expo (11/17/16)
 - DelDOT Civil Rights Summit (1/19/17) – This was focused on DBE and active vendors were invited to the all-day event. DTC hosted a table.
 - DelDOT Vendor Day (3/9/17) [This was in lieu of DTC having their own vendor day]

Results: We have interacted with many individuals/business owners and are maintaining a mailing list to send information regarding future bidding opportunities.

- Development of partnership with Delaware's Office of Supplier Diversity (OSD)
 - Use of their list to identify potential businesses capable of bidding on DTC contracts
 - During events, Director of OSD, has brought small business owners to our table to introduce them and to ensure they obtain information regarding our contract opportunities.

Results: We have met with OSD and identified resources on their website to utilize for mailing information regarding future bidding opportunities.

- Providing technical assistance
 - DTC DBE Program Analyst attended the NTI Disadvantaged Enterprise Training Program. Due in part to this training, she can now provide technical assistance to someone wanting to become DBE certified.

Steps to be taken moving forward as of the date of this revision 5/16/17:

- The DBE Analyst will identify advertising opportunities for future RFPs that would assist in making bidding opportunities readily available to a diverse audience.
- Contracts that do not currently have goals established will be reviewed for breaking down into phases or smaller pieces of work to encourage DBE participation.
- DTC will encourage prime contractors to subcontract out portions of the work.

- As noted above, we will be utilizing mailing lists to assist DBEs/small businesses about DTC contract opportunities. This will assist those who do not monitor the typical websites/publications for bidding opportunities.
- Work is ongoing regarding a more prominent space on DTC's website
- DTC will ensure that the prime contractors are aware of the DBE listing found on the DelDOT website.

Public Participation (as of original submission)

- The DTC Director of Civil Rights, designated as the DBE Liaison Officer, met with the Director of Visual Impaired, who also serves as Co-Chair for the Employment First Commission, in mid-July to share the proposed goals and the methodology for the establishment of those goals. The Employment First Commission is charged with monitoring employment for people with disabilities; including starting up small business. In addition, the State of Delaware is eliminating some of the sheltered workshops that have existed for people with disabilities for many years. There are efforts to take the skill sets of individuals that have been in the sheltered workshops and turn them into small businesses. DTC/DelDOT have committed to being a part of that process. Along with the Director of Office of Supplier Diversity, we will work with this group to identify any obstacles to the small businesses bidding on appropriate contracts and/or to guide them through the DBE Certification process.
- The DTC Office of Civil Rights/DBE Section maintain an on-going relationship with the Office of Supplier Diversity. Our proposed goal was shared with Michelle Morin, the Director of the Office of Supplier Diversity mid-July with an emphasis on the race-neutral percentage. They are willing to assist in our efforts.
- As part of our revised DBE goal setting, DTC mailed out invitations to all 84 identified potential DBEs for DTC contracts in the upcoming period to invite them to a face-to-face conversation opportunity to discuss the methodology for establishing the DBE goal as well as to have a discussion about doing business with DTC. In addition, invitations were also sent out to 10 local Chamber of Commerce. This event was held via video conferencing between two of our conference rooms – one in Wilmington and one in Dover. It was held September 14, 2016 from 10:30 – 12:30 pm. Unfortunately, only one person attended; an individual who has done business with us in the past and is looking to do more business, but provided no feedback. Invitation can be found in Figure 4 at the end of this document.
- DTC's Elderly & Disabled Transit Advisory Committee met September 14, 2016 at DTC's offices in Wilmington and Dover via video conferencing immediately following the above event. An announcement was made regarding the DBE goal and copies were available of the proposed plan for anyone interested. There were eight in attendance; the group had no comments. Agenda can be found in Figure 5 at the end of this document.

Published Notices

- The notice of the original proposed goal and the availability of the methodology for review were published in the News Journal on July 29, 2016. The News Journal serves all of Delaware and surrounding communities in Pennsylvania and Maryland. Advertisement confirmation can be found in Figure 6 at the end of this document.
- The notice of the original proposed goal and the availability of the methodology for review were also posted on the corporate website at www.dartfirststate.com on July 29, 2016. Email confirmation can be found in Figure 7 at the end of this document.
- The documentation was provided at DTC Reception desks beginning July 29, 2016. Staff reported that no one to date has come in to view the documentation.

Path forward for DTC

DTC created an Office of Civil Rights in September 2015. The DBE section was moved from DTC Finance Department to the Office of Civil Rights. The Director of Civil Rights was designated by the Chief Executive Officer to become DTC's DBE Liaison Officer and the position reports direct to the Chief Executive Officer.

DTC had a State Management Review and Triennial Review in April 2016 and DBE cleared with only one finding. DeIDOT had not revised their Plan to reflect the organizational structure change. This has since been corrected.

In addition to items identified previously in this report that will help to address race-neutral participation, a review has been ongoing of all processes, recordkeeping, reporting mechanisms and outreach efforts. Below are a few of the bullet points that highlight DTC's path forward to ensure better overall DBE participation.

- Development of DBE metrics that will be presented during DTC's DART Stat monthly meetings and used to measure improvements
- Development of DBE monitoring processes of all ongoing contracts from start to finish
- Enhanced outreach efforts to include events sponsored by local Chambers of Commerce, economic development offices, events sponsored by the Hispanic and African American communities. Outreach will include one-on-one consultation if needed to assist with DBE certification.
- DTC will partner with DeIDOT wherever possible for Vendor Day opportunities in order to control costs.
- Development of standards for publication of bidding opportunities to ensure DBEs and small businesses have easy access to the contract opportunities
- Partnerships with the Employment First Commission and Office of Supplier Diversity, as described earlier, to enhance people with disabilities potential opportunities, as well as women, minorities, and veterans.
- Development of a process to reach more DBEs with information regarding bidding opportunities to include the website as identified below, as well as mailings to identified businesses that could perform the work.

- Development of a Civil Rights Section on DTC's website that includes a comprehensive DBE Section, housing the DBE goal and methodology documentation, frequently asked questions regarding procurement and contracts with DTC, link to DeIDOT DBE certification process, and ongoing information regarding bidding opportunities.

Summary

In summary, the Delaware Transit Corporation submits its triennial DBE Goal to FTA for review and approval. DTC has followed the requirements of 49 CFR Part 26 in setting its overall DBE goal. The proposed goal is 8.5% to be achieved by 4.5% race-neutral means and 4.0% through race-conscious means.